



JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

JONATHAN E. FREEDMAN
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June 25, 2010

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.
Director and Health Officer

A handwritten signature in black ink, appearing to be "Jonathan E. Fielding", written over the printed name in the "FROM:" line.

**SUBJECT: NOTIFICATION OF THE USE OF DELEGATED AUTHORITY TO EXECUTE A
SOLE SOURCE AGREEMENT FOR EQUIPMENT MAINTENANCE AND
REPAIR SERVICES**

This is to notify you that I am exercising the delegated authority approved by your Board on July 29, 2008, to execute new service agreements related to bioterrorism response and public health emergency preparedness, 100 percent funded by Centers for Disease Control and Prevention (CDC) Notice of Award (NA) 5U90TP917012-10, with contract maximum obligations not to exceed \$500,000 per service agreement, subject to review and approval by County Counsel and the Chief Executive Office (CEO) and notification to your Board.

Under this delegated authority, the Department of Public Health's (DPH's) Public Health Laboratory (PHL) will enter into a sole source agreement with Honeywell Building Solutions (HBS) to obtain equipment maintenance and repair services for an existing security system in the PHL. The service is effective June 22, 2010 through August 9, 2010, in the amount of \$8,345; 100 percent funded by Bioterrorism (BT) grant funding. HBS' services will continue under a new County agreement, effective for the period of August 10, 2010 through August 9, 2012, in the approximate amount of \$124,000 (approximately \$62,000 for each year), contingent upon Board approval and the availability of funds, 100 percent funded by BT grant funding.

In 2003, PHL's security system was purchased from and installed by HBS. Since then, HBS has maintained and serviced the security system under Internal Services Department (ISD) purchase orders. In January 2010, the cost of those orders reached ISD's maximum contracting authority of \$100,000, resulting in the discontinuation of HBS' services, thereby requiring DPH to contract for these services.

The service agreement with HBS includes software and hardware enhancements and provides for the maintenance of access control and surveillance devices; cameras used for surveillance of the PHL's facility which have the ability to record and view the premises; and an Energy Manager that monitors, validates, and optimizes energy usage.

It is necessary for DPH to maintain a service agreement with HBS to ensure that the security system (which uses proprietary technology and equipment) performs in accordance with HBS' equipment specifications and BT grant requirements. Since the PHL's security plan/system is

mandated under the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, which sets forth the requirements for possession, use, and transfer of select agents and toxins, the PHL security plan/system must meet BT grant requirements in the safeguard of select agents and toxins against unauthorized access, theft, loss, or release.

Per DPH's request, modifications to the HBS Agreement have been made to incorporate mutual indemnification. Additionally, DPH has agreed to accept a "Certificate of Insurance" in lieu of Honeywell's proof of insurance, as its insurance policies are considered proprietary and confidential, and will only be released to DPH under a court order. As Honeywell is the sole provider of this security system and its equipment is proprietary, contracting with Honeywell is essential and provides minimal operational risks, thereby minimizing the County's exposure to liabilities.

County Counsel and the CEO have reviewed and approved the sole source agreement and this delegated authority action. Attached is the Sole Source Checklist, approved and accepted by CEO.

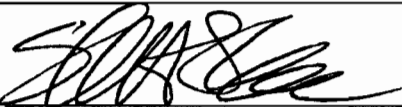
If you have any questions or need additional information, please let me know.

JEF:ly
#01426

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

SOLE SOURCE CHECKLIST
(HONEYWELL BUILDING SOLUTIONS)

Check (✓)	JUSTIFICATION FOR SOLE SOURCE PROCUREMENT OF SERVICES
	<i>Identify applicable justification and provide documentation for each checked item.</i>
	➤ Only one bona fide source for the service exists; performance and price competition are not available.
	➤ Quick action is required (emergency situation)
	➤ Proposals have been solicited but no satisfactory proposals were received.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
✓	➤ Maintenance service agreements exist on equipment which must be serviced by the authorized manufacturer's service representatives.
	➤ It is most cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is the best interest of the County (e.g., administrative cost savings, too long a learning curve for a new service provider, etc.).
	➤ Other reason. Please explain:
	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  Sheila Shima Deputy Chief Executive Officer, CEO </div> <div style="width: 45%; text-align: right;"> 6/25/10 Date </div> </div>